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SUBJECT: JAMMU AND KASHMIR: DELICATELY POISED AHEAD OF  
PROMISING TOURIST SEASON AND STATE ELECTIONS

REF: A. NEW DELHI 1644

1B. NEW DELHI 1344

1C. NEW DELHI 1336

Classified By: A/DCM John Davison for Reasons 1.4 (B and D)

11. (C) Summary: The political, economic and security environment in Jammu and Kashmir appears to have improved significantly during the last year. During a May visit to the state, Poloff/PolFSN found that violence and the public's fear of it has declined, the economy is booming and tourism is at record levels. The campaign for state assembly elections has begun in earnest amid expectations of a high turnout. The security forces appear to be more attentive to human rights although much work is needed. Public support for the separatists has eroded. There are some disturbing signs as well. GOI officials say infiltration attempts have surged this spring to levels far higher than seasonal patterns. The Indian security forces believe that the pipeline of jihadi terrorists and money has been reopened. The security apparatus, therefore, is edgy, sensing that the jihadis are positioning themselves to disrupt the robust tourist season as well as the upcoming elections, with which the GOI seeks to enhance its credibility with the Kashmiri population and which it will portray as Kashmiri approval of the democratic process within the Indian union. The GOI security forces will strike hard at any sign of trouble in an attempt to preserve the gains of the last few years. The United Progressive Alliance government will also be inclined to take a hard line against trouble in the valley in the run-up to national elections to inoculate itself against the Bharatiya Janata Party's charge that it is soft on terrorism and guilty of Muslim appeasement. This tension and the nervous trigger fingers behind it make for a potentially volatile situation in Kashmir this year. End Summary.

12. (SBU) Poloff and PolFSN toured Jammu and Kashmir May 14-17 to meet with a broad cross-section of officials from the government, security agencies, separatists groups and mainstream political parties as well as journalists, academics and businessmen. There was broad agreement among the interlocutors on the current state-of-play in the political, economic and security environment in the state although there were differing views on what the future holds and on prescriptions for action. This cable is an impressionistic report on what Poloff/PolFSN heard and saw about the efforts to restore normalcy in the state. A separate cable (Ref A) discusses the dynamics of the election campaign in the run-up to state assembly polls in October.

This Year Better than Last

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¶3. (C) There was consensus among Poloff/PolFSN interlocutors that life for the average Kashmiri in the valley has improved each year during the last five years. There was also agreement that this year has seen a marked improvement over last year. Violence is down dramatically and people are going about their business with less apprehension. The bazaars are busy, the vaunted Srinagar gardens are packed, shikaras are back on Dal Lake and houseboats are doing a brisk business. The election campaign has begun in earnest, with record turnout expected on election day (Ref A).

¶4. (C) Kashmir University Vice Chancellor Riaz Punjabi believes that the valley has moved beyond the tipping point. Kashmiris, especially the young, are ready for change and want to move on, he observed. In his view, the young have different aspirations and motivations from those whose grievances led to the Kashmir conflict. He lamented that this "Kashmir story" is not known outside the valley. Educator Vijay Dhar believes that Kashmiri society is essentially tolerant and non-receptive to fundamentalist Islam, which accounts for the turnaround in the state. The security forces in Srinagar appear to be less intrusive than in previous years, according to PolFSN who has been a longtime Kashmir watcher. With the large and unmistakable presence of the security forces in the valley, it would be a mistake to say that life in the valley has returned to normal but it is moving in that direction today.

Economy: Happy Days Are Here Again

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¶5. (C) Jammu and Kashmir's economy is experiencing an unprecedented economic boom fuelled by an improving business climate as violence declines. A large infusion of public and private investment is leading to very robust all-around growth, but especially in the construction and associated industries. Real estate prices are increasing sharply. Tourists, mostly from other parts of India, are flocking to the valley, causing traffic jams and long lines at Hindu shrines. Almost every one of Poloff/PolFSN interlocutors remarked on the record levels of tourists in the valley. Riaz Shadad, a Srinagar hotelier, said he was expecting full occupancy at his hotel, which is positioned for the upper middleclass Indian tourist market. He warned that it will be difficult to find accommodation in any segment of the market during the peak June-August tourist season. Several new upscale luxury hotels are under construction. Shadad, too, is building a new hotel for the middleclass market.

¶6. (SBU) Businessman Ashfaq Tramboo, whose family owns a cement manufacturing plant, said business has never been better. He is unable to keep up with the demand for cement and is considering expanding capacity. There has been a large influx of migrant labor from other Indian states to meet the demand for jobs in the construction and related industries and to fill gaps in the skilled and semi-skilled trades. Tramboo noted that unemployment for Kashmiris still runs high because they either do not have the skills needed in the booming economy or they are not in the market for many of the menial jobs offered by the construction and service industries. Poloff/PolFSN did not see in Srinagar any signs of grinding poverty that one would confront in any major India city. To Poloff's untrained and amateur eye, the average standard of living in Srinagar appeared to be higher than in most Indian urban centers.

Human Rights: Better But Not Good Enough

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¶7. (C) As the violence declined and as Indian security forces became more sensitive to the need for deploying soft power, the human rights situation in the valley has improved. This progress has been especially true in the case of the

Jammu and Kashmir police force, observed Muazamil Jamil of the Indian Express. Director General of Police Kuldip Khoda noted that there had been no custodial death in the state during 2007 and only one custodial death - that of a Hindu in the Jammu region and unrelated to the Kashmir conflict - in 2008. Inspector General of Police K. Rajendra Kumar, while unapologetic for the hard line taken by the Indian security forces in the early years of the violence, said that there has been a sea change in the attitude of the Indian security apparatus as the violence subsided. As evidence, he pointed to a case where a Superintendent of Police and several other senior police officials are currently serving time in jail for their role in a case of human rights abuse. Kumar said the police force is working hard at strengthening community cooperation.

¶8. (C) Yet, the very presence of such a large security presence, mostly still in a war mindset, means that the human rights are necessarily abridged. The security apparatus was on the defensive during the week of Poloff's visit because of an Indian Express story about unmarked graves in the Uri area of Jammu and Kashmir and whether or not they contained some of the up to 10,000 Kashmiris who are thought to have gone missing during the conflict. Director General of Police (DGP) Khoda dismissed the controversy as "nonsense," saying that the unmarked/mass graves were not a secret that the Indian security forces seek to keep from the people. He asserted emphatically that the graves contained the bodies of identified or unidentified foreign militants who had been killed in action by Indian security forces in Jammu and Kashmir. He showed Poloff a thick list of people killed in action by the security forces. Many entries had names, date of encounter, and identifying information (father's name, village/address) of the deceased. These, Khoda said, were valley residents who had been identified and their bodies returned to their next-of-kin. There were many on the list with either no name and/or identifying information. A cemetery was listed next to each such name to mark the burial spot. Claiming these were foreigners and the security forces' actions were open and above board, Khoda asked

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rhetorically: "What are we supposed to do with them if no one claims them. We pay the villagers to bury them in these cemeteries."

¶9. (C) Jammu and Kashmir People's Democratic Party (PDP) President Mehbooba Sayeed called for greater efforts at reconciliation and healing. She noted that with 90,000 to 100,000 people killed in the valley, almost every family has been touched by the violence. She said it is imperative that the GOI make gestures to Kashmiris, among them a military drawdown, return and rehabilitation of militants, and reaching out to families of militants who have been killed in action. She noted that economic growth and development "cannot resolve the underlying political problem." Yosuf Tiragami, a Communist Party - Marxist (CPM) member of the state assembly felt the Indian government should provide some goodwill concession to accelerate the healing process. Others suggested that resentment at the Indian military's occupation of land and buildings around the valley is an important issue that needs to be addressed. Parvez Imroze, head of a leading valley NGO, believes that the human rights situation in the valley will always be wanting until strong civil society organizations like those in rest of India can be established.

Infiltration: Surging

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¶10. (C) The week Poloff/PolFSN were in Jammu and Kashmir there was wide coverage in the national and regional newspapers of three infiltration incidents along the Jammu and Kashmir border, including an exchange of fire between Indian and Pakistani troops at Tangdhar. It was also the week of serial bomb blasts in Jaipur (Refs B, C). DGP Khoda

told Poloff that infiltration attempts across the border had begun to surge in March and April, well beyond seasonal levels. He believes about 130 terrorists had successfully crossed the border this spring and are waiting for instructions. He observed that it was a cause of great concern to the Indian security forces as they prepared for elections in October and as tourists visit the state in record numbers. Khoda believes that the terrorists will be seeking high visibility targets to announce their return to action after having been gradually choked off, starting in 2003. In his view, the election will be a natural target for the terrorists as it represents a symbol of the Indian state.

He said the Indian security forces will do what is necessary to battle the terrorists.

#### Jihadi Pipeline Reopened?

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¶11. (C) Government officials, politicians and journalists were unanimous in giving credit, at least partly, to Pakistani President Musharraf for the steadily decreasing violence in the valley after 2003. They believe that he effectively slowed the flow of jihadi terrorists and money into the Kashmir conflict. In Khoda's view, the jihadis had become demoralized and run out funds by 2007. He believes the tap was turned back on again in December 2007 when Indian authorities noticed an infusion of funds as some of the more radical outfits such as that of Syed Ali Gilani suddenly paid their employees several months of back pay, bought fleets of new vehicles and otherwise began to show signs of new found wealth. Poloff's interlocutors were divided about whether this reopening of the jihadi pipeline is a change in Pakistani policy or whether the new Pakistani government is so distracted by other priorities that the jihadis have broken loose from the restraining hand of the government. In any event, they conveyed their uncertainty about the new Pakistani government's intentions regarding the Kashmir conflict and its approach to the jihadis. CPM's Yosuf Tiragami said he was concerned about the fragile political environment in Pakistan and the implications of this for the Kashmir conflict.

#### Separatists: Sidelined

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¶12. (C) There was a shared belief among Poloff's interlocutors, including those belonging to the separatist camp, that the separatists were losing support. They had failed to achieve any concessions to date. Many important

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parts of their autonomy agenda has increasingly been appropriated by the mainstream parties. The separatists leaders often had different agendas and showed little unity. According to several people we met, they were discredited in the eyes of the Kashmiri population because of a perception that the separatists are on the payroll of multiple government security agencies and their motivations now have more to do with perpetuating the cottage industry of funding than in pursuing a separatist agenda. Bilal Lone of the All Party Hurriyat Conference (APHC) talked sullenly about the humiliations of separatists going to the security agencies to receive their monthly dirty money. Altaf Bukhari, a successful businessman and mainstream politician, noted that even the Government of Pakistan, until recently a strong supporter of the separatists, was now beginning to turn away from the APHC to the mainstream parties as witnessed by its warm welcome to PDP President Mehbooba Sayeed and National Conference leader Omar Abdullah during their recent visits to Pakistan.

¶13. (C) As if to rebut this point, separatist leaders Mirawaiz Omar Farooq, Bilal Lone and Yasin Malik told Poloff that they had been invited to Pakistan in June. In separate meetings, each complained that there had been no engagement by India in the last 18 months and by Pakistan since April

2007, when the political situation within Pakistan began to sour. They felt they had taken enormous risks in agreeing to a peace process with Delhi but the GOI now appears intent on making them irrelevant. They observed that Prime Minister Manmohan Singh had not been able to deliver on the encouraging commitments he had made in 2007. They agreed that the GOI had broken the back of the armed jihadi struggle in the state but warned that it could resurface unless the GOI deals with them. Yasin Malik said, "we are occupying the jihadi space, which the jihadis will take back if we fail." He added that the GOI's refusal to negotiate with the separatists "only proves that the jihadis were right when they told us we are wasting our time because the GOI will never give any concessions." Malik described the GOI attitude as one where, having won the war, it feels no pressure to seek compromises. He believes this is short-sighted as the underlying grievances remain despite the GOI's military victory.

¶14. (C) Mirwaiz Omar Farooq conceded that fatigue with the struggle had set in for the Kashmiri people, which accounted for the normalcy that appears to have descended over the valley. The Mirwaiz reiterated his (and presumably the APHC's) goal: a "1953 Plus" solution where the Kashmir-India relationship returns to what it was in 1953 and India throws in some additional concessions. Those outside the APHC camp dismissed this as an unrealistic and unachievable demand. The Mirwaiz downplayed disunity in the APHC ranks saying that most of the top leadership has a united view on the dialogue with India and the coming election. He observed that the only notable dissenter is Syed Ali Shah Gilani, who has been unwavering in his anti-India and anti-election stance and pronouncements. The Mirwaiz and Bilal Lone said that the APHC would sit out the forthcoming state assembly election, without calling for a boycott as it had done for previous elections. The Mirwaiz explained that the APHC views the election process as an administrative exercise that is distinct from the "core" Kashmir issue to which the Hurriyat is dedicated.

"We Won the War"

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¶15. (C) Inspector General of Police K. Rajendra Kumar said unequivocally that the foreign-supported Kashmiri insurrection has been crushed for good, claiming "we won the war." Pointing to the increased infiltration along the line of control this year, he did not rule out continuing incidents, some that may even be spectacular and high visibility. But, he said, the Indian security forces have a "firm grip and would not let the situation get out of hand again," even if the Pakistani "establishment" restarts its support for the jihadi organizations. APHC's Lone bitterly conceded that the Indian military has "ruthlessly beaten Kashmir" into submission. Others, including separatists, mainstream politicians and journalists agreed that the military and police forces were in a strong position in the valley.

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¶16. (C) There was disagreement, however, on whether this peace would be sustainable. The separatists believe that the jihadis will reemerge unless the GOI cuts a deal with them. The mainstream political parties believe that although the separatists are sidelined, separatism is still alive and well. In their view unless the GOI cuts a deal with the mainstream political parties for more autonomy, the Kashmir conflict will remain unresolved. IGP Kumar, despite his bravado on the ability of the GOI to address the violence, said gloomily that that Kashmir will never be "complete" without the return of Kashmir Pandits, but he does not see that happening in the foreseeable future.

Free and Fair Elections: A Litmus Test

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¶17. (C) Arun Joshi of the Hindustan Times said that the population of the Kashmir valley, even those who will not participate in the elections and particularly the young, are intently watching the role of the GOI and its security agencies in the administration of the election. If the public perceives that the process has been free, fair and transparent, it will bring people back into the process and help reconciliation, he noted. Conversely, if the election is viewed as manipulated to arrive at some pre-determined result, it will further alienate the Kashmiri people and strengthen their belief that they cannot expect fairness and justice from the Indian state, according to him.

GOI Appoints a Civilian Governor

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¶18. (C) In a signal that it wants to transition away from military-centric governance in Jammu and Kashmir, the GOI announced this month the appointment of N.N. Vohra as the new Governor of Jammu and Kashmir. He would replace retired Lt. General S.K. Sinha and would be the first civilian in that post in over 15 years. Vohra retired a few years ago after a successful civil service career in the Indian Administrative Service. He comes with extensive Kashmir experience due to stints as Indian Home Secretary and Defense Secretary and, until his newest appointment, as the Prime Minister's special envoy on Kashmir. Despite the GOI's eagerness to highlight Vohra's civilian background, he was a key architect of the GOI's military and paramilitary strategy and policy in Kashmir as Indian Home Secretary and Defense Secretary.

Comment: A Delicate Balance

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¶19. (C) The Indian focus is on curbing violence in the valley this year, whether through a continued tight leash on the terrorists by Pakistan or through a heightened Indian security presence, so that state assembly elections can take place in a peaceful manner this October. The GOI believes that a peaceful election that is perceived as fair and transparent will be a major step forward in reconciliation with Kashmiris. The improving political and economic environment in the state gives the GOI hope.

¶20. (C) There are disturbing signs as well. The surge in infiltration attempts has led the Indian security forces to adopt a more aggressive posture, according to media reports. The security forces believe that President Musharraf's leash on the jihadis has been intentionally or unintentionally loosened under the new Pakistani government and that the terrorist groups are now trying to position themselves to create trouble in the run-up to state elections and what is turning out to be a very good tourist season. Indian security forces, therefore, are edgy. They will strike hard at any sign of trouble because they do not want the gains of the last few years to be eroded. Besides, in the run-up to national elections before May 2009, the United Progressive Alliance government will be inclined to take a very hard line against any jihadi activity in Kashmir to inoculate itself against the Bharatiya Janata Party's charge that it is soft on terrorism and guilty of Muslim appeasement. This tension and the nervous trigger fingers behind it make for a potentially volatile situation in Kashmir this year. End Comment.

¶21. (SBU) Interlocutors:

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Muazamil Jalil, Indian Express  
Kuldip Khoda, Director General of Police  
Parvez Imroze, NGO Coalition of Civil Society  
Parvez Khurram, NGO Coalition of Civil Society  
Altaf Bukhari, Businessman and Treasurer of PDP  
Vijay Dhar, Businessman, Educationist, Congress Party

Arun Chaudary, Joint Director, Intelligence Bureau  
Yasin Malik, Jammu and Kashmir Liberation Force  
Bilal Lone, Executive Member, All Party Hurriyat Conference  
G.S. Mann, Agriculturist, Akali Dal  
Riaz Shadad, Hotelier  
Prof. Riaz Panjabi, Vice Chancellor, Kashmir University  
Mirwaiz Omar Farooq, Chairman, All Party Hurriyat Conference  
Yusuf Tarigami, MLA, Communist Party of India (Marxist)  
Ashfaq Tramboo, Businessman  
Mehbooba Sayeed, President PDP  
Dr. Mustafa Kamal, MLA, National Conference  
Dr. Ajay Chrungoo, President, Pannun Kashmir  
JK. Rajendra Kumar, Inspector General of Police  
Prof Amitabh Mattoo, Vice Chancellor, Jammu University  
Arun Joshi, Hindustan Times  
Harshdev Singh, MLA, Panthers Party  
Luv Puri, The Hindu  
Tsering Dorji, Chief Executive, Ladakh Autonomous Hill Development Council  
Thupstan Chhewang, Member Parliament, Independent  
JP. Namgyal, MLC and Former Member of Parliament  
S.R. Samuel, Senior Superintendent of Police  
MULFORD